SEE FOLLOWING NOTE

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VOIR NOTE CI-APRÈS

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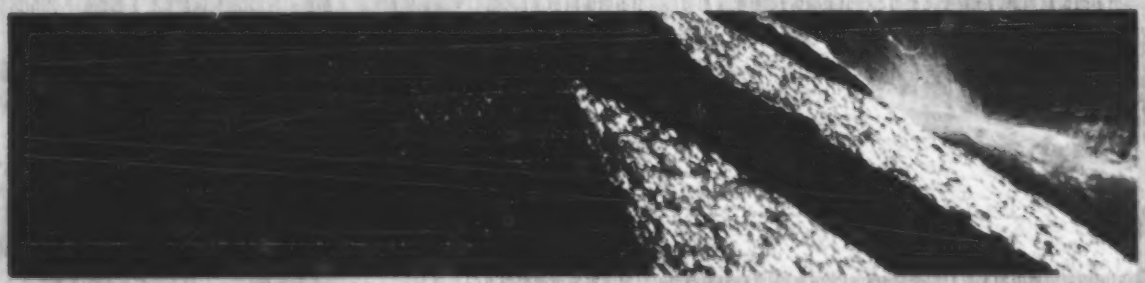

Annual Report 2008 - 09

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MESSAGE FROM THE CHAIR AND PRESIDENT AND CEO

The tourism industry is a vital contributor to Manitoba's economy. The tourism sector continues to grow and in 2007 tourism expenditures in Manitoba increased by 10.4% to $1.24 billion. Tourism is also a major export industry generating over $600 million in visitor spending from outside of the province.

Travel Manitoba's Business Plan focuses on promoting Manitoba as a quality tourism destination, ensuring exceptional visitor experiences and fostering a sustainable tourism industry. Our operating philosophy is based on being an efficient and effective organization with a positive corporate culture. One of our key strengths is our solid industry and government partnerships. Moreover, a talented and dedicated staff delivered outstanding results in 2008/09. We are pleased to report our accomplishments to our stakeholders in this report.

Over the past year we have strengthened our position in the travel marketplace through targeted advertising and promotional programs, the creation of an internationally competitive website, and a highly successful travel media program that reached a circulation of over 100 million consumers world wide.

We are also proud of our industry partnerships. Private sector investment in our marketing initiatives has tripled since our incorporation in 2005 and now exceeds $1 million annually.

In 2008/09 Travel Manitoba launched a new Customer Assurance Program, which sets minimum criteria for participating in Travel Manitoba marketing programs. This program will help ensure the quality of visitor experiences and improve our national and international competitiveness.

We are very pleased with the progress that Travel Manitoba and the tourism industry have made over the past year. While we expect continued success, future tourism growth is linked to, and affected by, global economic, social and environmental issues. Recognition of these formidable challenges will guide us in developing strategic plans and maintaining strong partnerships as we move forward.

HUBERT MESMAN
PRESIDENT AND CEO, TRAVEL MANITOBA

PAUL ROBSON
CHAIR OF THE BOARD OF DIRECTORS

OUR MANDATE

- To market Manitoba as a desirable tourism destination
- To provide visitor and information services
- To stimulate productivity and development for people and businesses involved in the tourism industry
- To enhance the quality and competitiveness of tourism products and services
- To encourage and participate in tourism consultations and undertakings with individuals, businesses, agencies and government
- To enhance public awareness of tourism
- To promote the training, development and employment of people involved in the tourism industry

OUR CORPORATE VALUES

- Integrity and responsibility
- Partnership and shared investment with the public and private sectors
- Respect for individual differences
- Sustainability
- Innovation in responding to challenges and in seizing opportunities
- Excellence in service
- Open and meaningful communication with stakeholders
- Exceed visitor expectations

OUR LONG TERM OBJECTIVES

- Increase the tourism industry's contribution to the provincial economy at a faster pace than that forecasted by the Conference Board of Canada by attracting more visitors from external markets and by encouraging residents to vacation in Manitoba
- Ensure the sustainability of the tourism industry by encouraging and fostering quality experiences that meet the expectations of visitors

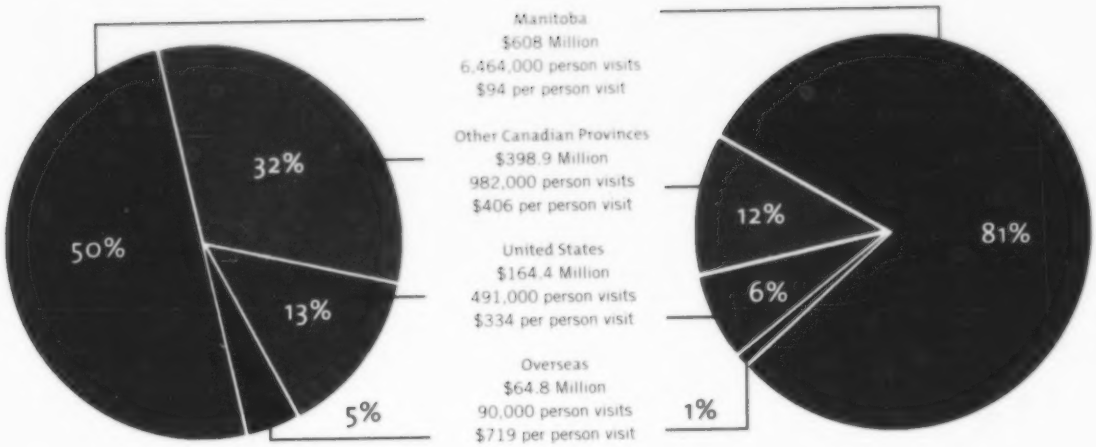
OUR STRATEGIC PRIORITIES

- Promoting Manitoba as a quality tourism destination
- Strengthening an efficient and effective organization with a positive corporate culture
- Ensuring exceptional visitor experiences in Manitoba
- Fostering a sustainable tourism industry

Travel Manitoba will be the leader in stimulating innovative sustainable tourism growth

STATE OF THE INDUSTRY

Tourism Expenditures and Visitation – Overall 2007



Source: Statistics Canada – Travel Survey of Resident of Canada (TSRC) and International Travel Survey (ITS), Research Resolutions – 2007 Detailed Tabulations

2008 PERFORMANCE INDICATORS

The Conference Board of Canada forecasts that final overall expenditures in Manitoba for 2008 will show a 2.7% increase over 2007, totaling $1,066,000. Total overnight province visits are forecast to close out at 3,700,000, a 3% increase over the previous year. (Tourism Insights for Canada and the Provinces – Spring 2009)

According to Statistics Canada (Canadian Travel Survey and International Travel Survey), total traffic from the U.S. to Manitoba declined by 12.6% from 2007, comparable to the national decline of 12%.

Direct overseas visits to Manitoba increased by 14.4% over 2007. (Based on small volumes.)

Manitoba hotel occupancies were up 1.8% to 67.1% province wide, with Winnipeg up 1.3% and Brandon up 5.7%.

Airport arrivals were flat year over year, with fourth quarter declines in scheduled service.

Winnipeg meetings and conventions revenue was down 10.2% to the end of the year.

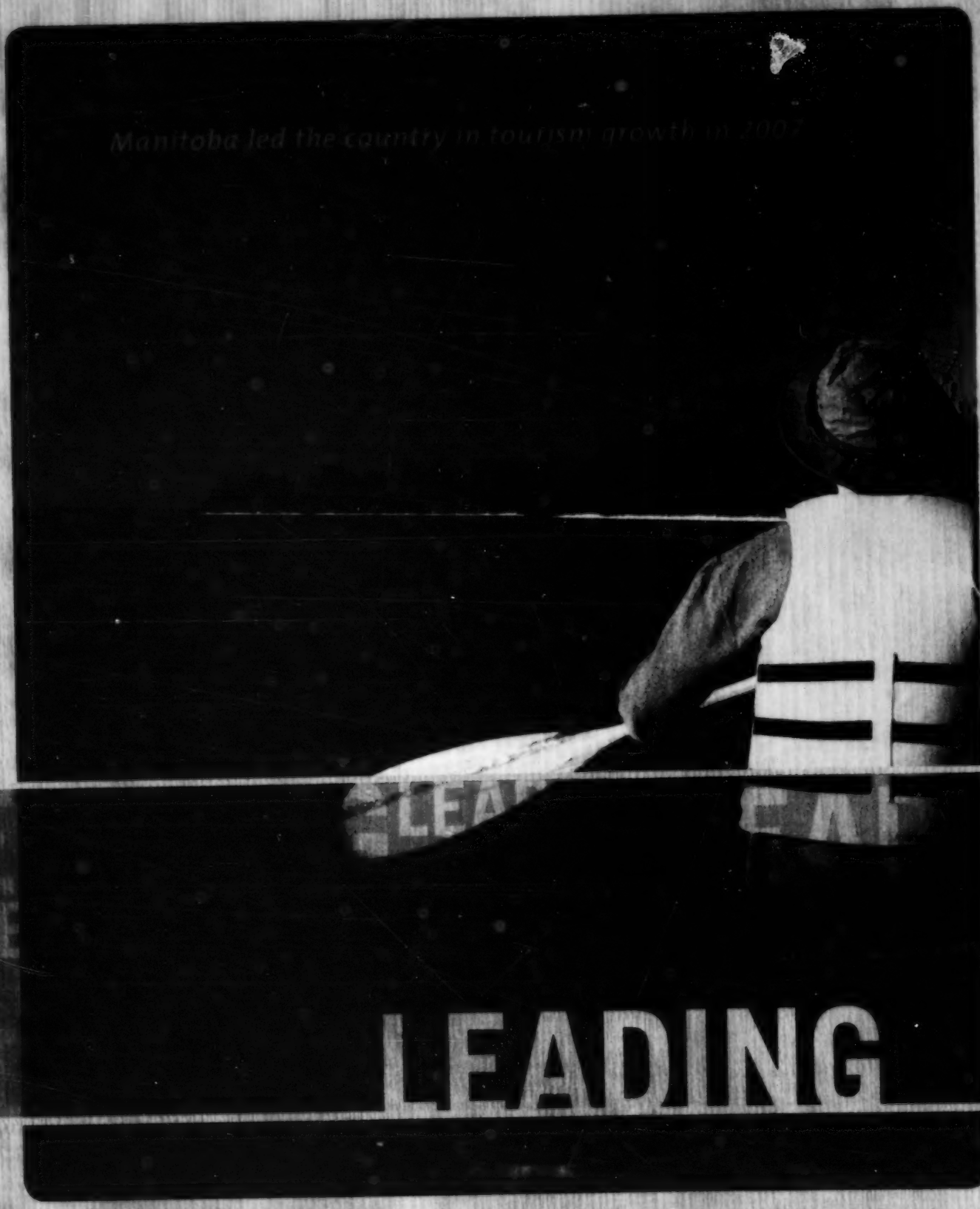
OPPORTUNITIES, CHALLENGES AND TRENDS

Tourism is affected by global economic, social and environmental issues. Shifting travel patterns are influenced by competition, product quality and diversity, infrastructure and personal security.

Manitoba offers its residents and visitors diverse, quality tourism products and experiences featuring warm hospitality, abundant wildlife, spectacular scenery, natural wonders and outstanding culture and the arts. During challenging economic times, the strength of Manitoba's economy will continue to create demand for tourism in province. Manitoba also offers visitors a safe, sustainable environment.

Future challenges to growth include:

- **Economic Uncertainty** – The global economy is in a full scale recession which is impacting consumer confidence and the capacity of potential travellers. This may further erode visitation from the United States. Manitoba's economy is strong relative to the rest of North America and we must continue to market aggressively to protect market share.
- **Volatility** – Unpredictable impacts such as weather, pandemics or terrorism may significantly affect consumer travel decisions.
- **Transportation Infrastructure** – The cost of domestic flights as well as the lack of direct access air flights from major markets, makes travel within Manitoba more expensive and time-consuming. Improvements to rail services, roads and highways are also required to meet visitor expectations.
- **Competition** – The tourism industry has become increasingly competitive, as other countries ramp up their marketing efforts to attract visitors. Manitoba lags well behind most provinces in Canada in terms of tourism investment.
- **Changing Distribution Channels** – Visitors are continually shifting their travel planning and purchasing behaviors as alternative distribution channels are introduced to the market.
- **Climate Change** – Visitors will be seeking experiences now at risk due to factors such as global warming, placing increasing pressures on the sustainability of tourism products in the North.
- **Access to Markets** – Manitoba's geographic isolation impacts competitiveness in capturing the short getaway market.
- **Traveller Expectations** – Competing jurisdictions are delivering high quality experiences and traveller expectations have increased dramatically over the past three years. To remain competitive, Manitoba businesses will need to continually invest in product development to meet these expectations.
- **Competitive Funding Levels** – While the public and private sectors have increased their investment in tourism marketing over the past three years, competing provinces have also significantly increased their marketing budgets. Travel Manitoba is at a distinct competitive disadvantage.


Manitoba led the country in tourism growth in 2007
LEADING

BUILDING ON GROWTH

Manitoba led all other provinces in year-over-year growth in 2007. Total expenditures in Manitoba increased by 10.4%, from $1.12 billion in 2006 to $1.24 billion in 2007. Given that visitation was up only .03%, the large increase in expenditures shows the province is attracting a higher yield visitor. In 2008/09, Travel Manitoba's marketing efforts built on this growth.

INNOVATIVE MARKETING

The creation of the 2008 "UN"-campaign brought new vitality to Manitoba's "Unforgettable" brand positioning, and caused an unprecedented "buzz" in the marketplace. The marketing campaign inspired industry investment beyond our partnership target of $1 million, despite an economic downturn. And an independent survey of Manitoba operators reported that 88% of respondents found the "Unforgettable" brand somewhat effective, effective or very effective for domestic tourism marketing; 87% rated it as effective for international tourism marketing.

Travel Manitoba's 2008 Conversion Study showed that 19% of inquirers who, at the time of inquiry had not made a firm decision to travel to Manitoba in 2008, did in fact visit, from more than 80 kilometres away. And once they arrived – they liked what we had to offer! Well over half of visitors (57%) were very likely to recommend Manitoba as a vacation destination.

Several new marketing initiatives were introduced in the fish/hunt sector, including an increased presence at tradeshows in the U.S. Midwest, a new promotional theme – *Manitoba Monsters* – that highlights the abundance of trophy-sized northern pike and large game, televised shore lunch "competitions", and increased advertising. Travel Manitoba also introduced a new program to increase its lodges' share of corporate meeting and incentive travel business.

The Unforgettable marketing campaign is generating leads for industry

ENSURING EXCEPTIONAL VISITOR EXPERIENCES

In 2008/09, Travel Manitoba counsellors answered more than 5,500 phone inquiries, provided more than 900 on-line counselling sessions, fulfilled over 10,000 requests for printed material, and saw over 32,000 visitors at six Visitor Centres throughout the province.

In 2008, the Visitor Centre located at the Peace Gardens border crossing was re-located to the Irvin Goodon Museum in Boissevain. Walk-in traffic increased over 500% with this move.

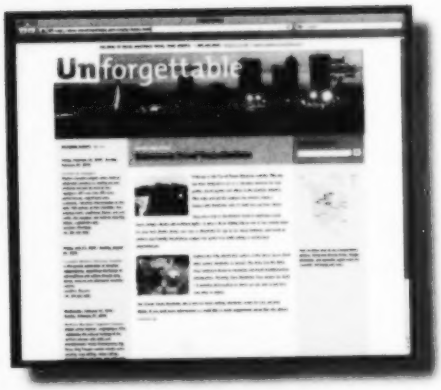
ACHIEVING STRONG RESULTS

Travel Manitoba delivered value and measurable results to industry, generating leads from the travel trade, media relations, e-marketing and consumer shows.

operators with over 60,000 click throughs to specific operators. The "It's My Moment" microsite and contest provided new user-generated content on the site, improving search engine optimization.

Travel Manitoba has improved analytics to track performance and measure visitor satisfaction. A travel conversion study of 2008 inquiries conducted in the fall of 2008 indicated over two thirds of inquirers (70%) say the information they received from Travel Manitoba made them more interested in visiting the province.

Partnerships are expanding international awareness of Manitoba's tourism products



Travel Manitoba has developed an internationally competitive consumer website that generated qualified leads for industry in 2008/09, a critical tool as on-line vacation planning continues to grow. Four out of five respondents to a 2008 Conversion Study used the internet to plan their Manitoba vacation, an increase of 15% over 2007.

Overall visits to the consumer website increased by 136,000 visits, and page views rose by over 1.4 million. The website is generating leads for industry

Travel Manitoba's Travel Trade website is designed to be a resource and sales tool for industry. On the website there is content specific to a tour operator's needs. As new products, itineraries, images and opportunities are developed, they will be made available on the website.

CREATING NATIONAL AND INTERNATIONAL AWARENESS

In 2008, Travel Manitoba's media relations program garnered media coverage in national and international markets with an equivalent advertising value of $7.1 million, reaching a potential circulation of 121 million people with features in more than 500

outlets, including the *New York Times*, *National Geographic*, and the *Liverpool Daily Post*.

Travel Manitoba co-hosted the Canadian Chapter Meeting of the Society of American Travel Writers in August,

2008, which provided close to 50 Canadian writers, photographers and travel professionals the opportunity to gather story ideas in three separate venues: Winnipeg, on VIA's Journey North by rail, and in Churchill.

New inroads were made in Germany, as Travel Manitoba continued to build strong relationships with CTC-Germany, the travel trade, consumers, and the media, hosting 19 German media, 26 travel agents from Dertour, one of the country's largest tour operators, and ten German "Canada Specialist" travel agents.

After more than three years of negotiations, Tauck, a major tour operator in the U.S. that focuses on high-end unique experiences, launched a new package to Manitoba, and is anticipating sending ten groups of thirty people in 2009. Tauck's polar bear trip to Churchill is positioned alongside such exotic destinations as Costa Rica, Peru and Tuscany.

As a result of participating in Showcase Canada in Macau, China last June, Travel Manitoba is hosting their first FAM group from China.

PROVIDING VALUABLE SERVICES TO INDUSTRY

Last year, Travel Manitoba undertook a series of surveys with Manitoba's tourism industry, including evaluating industry's satisfaction with Travel Manitoba's programs and services, measuring the industry's perception of Travel Manitoba and assessing the effectiveness of Travel Manitoba's strategic marketing activities. Over 400 tourism operators provided their feedback through an online and telephone survey, designed by research firm kisquared.

Industry members are most satisfied with:

- Travel Manitoba Visitor Information Centres;
- Communication to industry from Travel Manitoba;
- The Travel Manitoba visitor website.

Of these offerings, communication to industry from Travel Manitoba and the Travel Manitoba visitor website were also the two services most used by tourism operators.

"We have noticed that Travel Manitoba staff has gone out of their way to improve communications with all tourism partners and remote tourism destinations. Most notably, communicating quickly and efficiently, which can be challenging in the North."

- Industry Survey Participant

In determining Travel Manitoba's performance, importance and satisfaction scores were used to calculate performance gaps. A negative gap indicated an area requiring improvement, while a positive gap suggested over-performance in one service area relative to importance. The analysis showed one modest negative performance gap in Manitoba brand marketing. For all other services, Travel Manitoba is either meeting or exceeding industry members' expectations.

Travel Manitoba programs are valued by the industry

ELEVATING THE PROFILE OF TOURISM AS AN ECONOMIC GENERATOR

Tourism is a vital contributor to Manitoba's economy, contributing $1.24 billion to the economy, generating $250 million in provincial tax revenues, and sustaining over 13,000 direct tourism jobs.

Corporate communications initiatives aimed at increasing awareness of the importance of tourism included:

- Initiation of a "State of the Industry" report and planning of a "Day at the Legislature" to convey to government the impact and importance of the visitor economy.
- Feeding information to local news media on issues related to tourism, the activities of Travel Manitoba and the value of tourism.

We are poised to lead industry with a strong sustainable tourism plan

ENHANCING THE QUALITY AND COMPETITIVENESS OF TOURISM PRODUCTS AND SERVICES

Travel Manitoba is dedicated to fostering a professional tourism industry by providing development resources and by assisting Manitoba's tourism industry in meeting the demands and expectations of visitors.

In the spring of 2008, a Customer Assurance Program (CAP) aimed at improving the quality of tourism products was introduced after consultations with industry. The program is a means to ensure that Manitoba's tourism sector is able to continue to meet traveller demands for professionalism, and services remain competitive with other destinations. The program has been positively received by industry, and 97% of industry operators who completed database listing documents met all the CAP criteria.

A multi-faceted Industry Development Plan was designed to meet specific needs of industry and support industry improvement, increase and improve the supply of market-ready products, enhance visitor services, expand industry's web-based marketing capabilities, facilitate access to research, and support operators' sustainable tourism practices.

To this end, the development of a sustainable tourism plan that will encourage Manitoba's tourism industry to embrace the principles of sustainable economic development was initiated in 2008. Caring for and sustainably managing Manitoba's tourism assets is central to the success of the tourism industry in the future. Travel Manitoba is committed to providing leadership in ensuring the tourism industry is economically, environmentally, culturally and socially sustainable.

RECOGNIZING INDUSTRY ACHIEVEMENTS

Travel Manitoba's annual Tourism Awards, which recognize outstanding contributions to the promotion and development of tourism in the province, chose from 30 finalists and selected winners in 10 categories in the 2008 Awards.

The corporation also facilitated national and international recognition for Manitoba attractions and operators by aiding in the development of submissions for such awards programs as the Tourism Industry Association of Canada (TIAC) Awards, and the 2008 Skål International Ecotourism Award.

FOSTERING PROFESSIONALISM THROUGH EDUCATION

Travel Manitoba's tourism conference and awards saw record attendance in 2008. In partnership with the Manitoba Hotel Association, the conference attracted 215 participants, an increase from 140 the year prior. Entitled "Experience the Power of Partnership", the conference featured keynotes and sessions on communication and collaboration, authenticity and the customer experience, e-marketing, national issues, and the impact of climate change on tourism.

Travel Manitoba's Industry Development division delivered two Best Practice Missions to help industry operators learn from others in their field. Fourteen Manitoba operators joined a mission to Ottawa on Growing Festival Tourism and twelve industry participants learned about Sustainable Tourism practices at Hecla Island. Also, web marketing seminars for the tourism industry were introduced with considerable take-up by operators.

Travel Manitoba's continued focus on research provides information to the corporation's marketing and planning processes, and enables industry to better understand key influences and trends affecting the tourism sector.

Over the past year, an expanded research program has provided greater insight into the Manitoba industry, and has come to rely less heavily on externally driven programs such as those provided by Statistics Canada. This expanded research program has provided:

- Online reporting for all TIMS (database) activities
- Ongoing travel intentions survey results of all e-consumers
- Annual conversion studies of inquirers
- Industry surveys benchmarking Travel Manitoba program evaluation, as well as high level tourism traffic assessments
- Initial post visit survey of Manitoba visitors
- Establishment of consistent, quarterly campaign results reporting
- Broad expansion of study and market intelligence reporting to industry

Corporate Communications activities designed to assist industry included:

- Augmenting information available on the Tourism Industry website, a "tool box" of resources for industry;
- Distributing to over 3,000 industry members three issues of Voyageur, a magazine that provides industry with news, research, industry profiles, and resources to grow their business.

The tourism industry is participating in outreach and industry development programs

INSPIRING LOCAL PRIDE

In 2008, Travel Manitoba partnered with Destination Winnipeg to create and launch ***Homecoming 2010***, a province-wide initiative aimed at generating incremental visits, visitor spending, net economic impacts, commercial benefits, business-tourism partnerships, celebration of arts and culture, and community involvement in Winnipeg and throughout Manitoba.

Led by a high profile volunteer board, this year-long celebration will inspire positive new attitudes about the province amongst both residents and expatriates through a series of events aimed at bringing expatriates home.

Homecoming's economic impact is expected to include $30 million in gross revenue from an incremental 50,000 visitors throughout the year.

STRENGTHENING INDUSTRY RELATIONSHIPS

Strong working relationships and successful partnerships support Travel Manitoba's strategic planning and program delivery.

In 2008/09:

- Industry participation in Travel Manitoba marketing initiatives has tripled since 2005, with investment from over 160 businesses annually. Last year, investment exceeded $1 million to extend the reach of the tourism campaign. This level of partnership was achieved despite a challenging economic environment.
- Twenty Manitoba lodges participated in the launch of a corporate incentive fishing and hunting program, targeted to specific professional sectors in long haul U.S. markets. Travel Manitoba's partnership with the Manitoba Lodges and Outfitters Association was critical to the development of the 2008/09 fishing and hunting program.
- Ongoing industry input was provided by three industry committees (Leisure, Outdoors, and Industry Quality and Competitiveness), providing advice in marketing and product development.
- Along with 48 tourism industry partners and Destination Winnipeg, Travel Manitoba was an active participant in "Team Winnipeg", a marketing coalition that targets conference planners and associations. In 2008, activities included the annual Ottawa Sales Blitz, the Incentiveworks Trade Show in Toronto, the Eastern Consortium, and a "Heart of the Country" familiarization tour connected to the Canadian Country Music Awards.
- In 2008, Travel Manitoba partnered with Destination Winnipeg on major event acquisitions. Winnipeg hosted 175 meetings and conventions with over 50,000 delegates. Another 183 meetings and conventions have been secured for 2009 to 2016, representing approximately 55,000 delegates and over $49 million in estimated direct spending.
- Collaboration with the Conseil de développement du Manitoba (CDEM), the Manito Ahbee Festival organization, East Inc., and other stakeholders enabled the creation of approximately 60 new packages, including eight new Aboriginal tourism products and five outdoor adventure packages.
- Travel Manitoba works in partnership with CDEM, the French Language Services Secretariat, Entreprises Riel, and the Corridor touristique francophone de l'Ouest (CFTO) to build capacity and visitation to Francophone communities and their regions in Manitoba. Key accomplishments in 2008 included supporting "Manitoba Night" at Top Resa, a key travel trade function in France, producing a new Churchill Guide in French, and co-hosting a familiarization tour with CDEM for seven travel agents and tour operators from France that included visits to St. Boniface, Festival du Voyageur and Churchill. Travel Manitoba also supported numerous media tours for journalists from France and Quebec.
- Travel Manitoba worked closely with the city of Dauphin in the development of a Sport Tourism Acquisition Strategy and new marketing partnership, Destination Dauphin.

- Travel Manitoba provided guidance to Brandon First in the implementation of its 2008/09 Action Plan. Brandon First increased their sales activities significantly in 2008 and was successful in securing the 2009 Western Canada Music Awards, as well as the 2010 Memorial Cup Hockey Championship.

- Travel Manitoba supported the efforts of Destination Churchill in the development of Churchill as a four-season destination through improved accessibility, ensuring the quality of the visitor experience and effective marketing.

- The 2008 "Celebrate Manitoba" campaign, designed to instill pride of place and encourage Manitobans to travel throughout their province, was a successful partnership that included the seven Regional Tourism Associations and media partners the Winnipeg Free Press, CJOB/Groove and CTV.

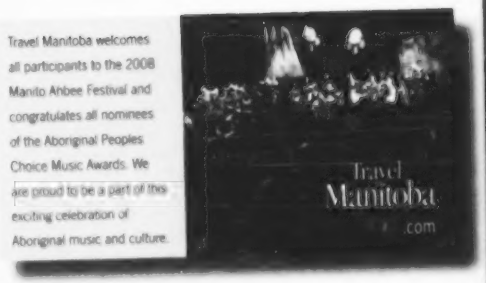
- Travel Manitoba partnered with Saskatchewan, Alberta and British Columbia under the Tourism Alliance of Western Canada to deliver an international marketing campaign aimed at stimulating tourism from the United States, Germany, the United Kingdom and China. Western Economic Diversification provided Travel Manitoba financial assistance of $750,000 towards a $1,072,500 campaign in the period from January to October 2008.

- Travel Manitoba built on its positive working relationship with the Canadian Tourism Commission in 2008, leveraging their national marketing efforts to gain greater exposure for Manitoba operators. Initiatives included participating in the 2008 US Leisure program in the California markets of Los Angeles and San Francisco, partnering with several Churchill operators to highlight the north's polar bear product. The polar bear is also one of the CTC's signature images in their global campaign.

  Travel Manitoba also partnered with the CTC in the National Asset Program to create video, photo and story assets promoting tourism for distribution through broadcast, marketing and social media marketing channels. The assets will be used to service national and international broadcast media, (both pre and post Olympics), to seed social media opportunities, and may be used in CTC annual marketing campaigns.

  Travel Manitoba worked closely with the CTC on Sales Missions in key outdoor markets of Chicago and Minneapolis, as well as a meeting planners' event in Texas.

  Travel Manitoba regularly provides the CTC with Manitoba content, including photos, articles and itineraries, for the CTC-Canada and CTC-Germany websites, and attends the CTC's media marketplaces and U.S. media events.


Travel Manitoba welcomes all participants to the 2008 Manito Ahbee Festival and congratulates all nominees of the Aboriginal Peoples Choice Music Awards. We are proud to be a part of this exciting celebration of Aboriginal music and culture.
Travel Manitoba
.com

BUILDING

FUTURE DIRECTIONS

Travel Manitoba has developed a strategy to stimulate sustainable incremental tourism growth over the next three years. This plan will continue to build on the corporation's four strategic priorities:

- Promote Manitoba as a quality tourism destination

  Travel Manitoba will continue to focus its marketing efforts on its identified high yield, high volume & emerging markets, and build its international presence through web-based marketing, media relations, and strengthening relationships with the travel trade. Together with Destination Winnipeg, the corporation will work to acquire meetings, conventions and major events, promote the future Canadian Museum for Human Rights, and test new approaches to target the group tour market, pass through visitors and visiting friends and relatives.

- Ensure an exceptional visitor experience

  Through the implementation of its minimum standards program (Customer Assurance Program), Travel Manitoba is taking the lead in ensuring that Manitoba remains a competitive tourism destination. Travel Manitoba is committed to the continuous improvement of the province's visitor services network and will develop a partnership plan to enhance existing services. To drive the growth of the industry, Travel Manitoba will place emphasis on the development of products and experiences that have the greatest potential to attract tourists.

- Foster a sustainable tourism industry

  Travel Manitoba recognizes that the concept of sustainable economic development is integral to a viable and prosperous tourism industry now and in the future, and is committed to providing leadership in sustainable tourism development. Accordingly, Travel Manitoba's sustainable tourism plan will guide its operations and behaviors, and will encourage Manitoba's tourism industry to embrace the principles of sustainable economic development.

- Strengthen an efficient and effective organization with a positive corporate culture

  Travel Manitoba's people are vital to the growth of the tourism industry in Manitoba, as they consistently demonstrate their dedication to enhancing tourism in Manitoba through program development, sales and marketing, and administration. Our people are committed to fiscal responsibility, accountability and generating solid results.

  The corporation will also continue to provide professional development and education opportunities to ensure its Board of Directors, Industry Advisory Committees and staff are prepared to address future challenges facing the tourism industry.

THE INDUSTRY ADVISORY COMMITTEES

Members are chosen from a cross-section of industry sectors and are appointed by the Board. The committees provide advice to the corporation's management team, addressing the full marketing spectrum, including research, product development, communications, channels of distribution, sales, and timing of activities, as appropriate to their area of focus.

Leisure, Culture and Heritage

Lois MacDonald (Chair)
Karen Oliver
Michelle Gervais
Chantal Champagne
Larry Desrochers
Ron Gauthier
Jill Lusty
Scot McTaggart
Carolin Taubensee

Outdoors

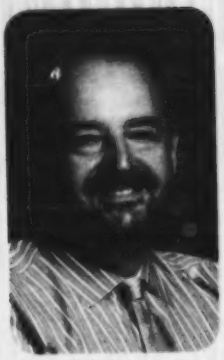
Toni Morberg (Chair)
Jan Collins
Rob Currie
Stan Good
Lynda Gunter
Shawn Gurke
Jill Lusty
Maria Paletta
Dave Pancoe
Gerry Turenne
Ryan Suffron
William Young

Industry, Quality and Competitiveness

Jim Baker (Chair)
Gerald Azure
Celes Davar
Don Finkbeiner
Clement K. Jones
Bev Shuttleworth
Doug Ramsey
Chantal Sturk-Nadeau
Ryan Suffron
Terry Welsh

BOARD OF DIRECTORS

PAUL ROBSON
Chair



MAX JOHNSON
Vice Chair
President
The Great Canadian
Travel Company Ltd.

DOUG STEPHEN
(Nominating Chair)
President
WOW Hospitality

JIM AUGUST
Chief Executive Officer
The Forks North Portage
Partnership

GERRY TURENNE
President & CEO
Turenne et Cie (2005) Ltee
Management Consultants/
Consultants en Gestion

MICHELLE GERVAIS
Owner
Ô TOURS Inc.

DOUG RAMSEY
Associate Professor
Brandon University

BARRY REMPEL
President & Chief Executive
Officer
Winnipeg Airports Authority

WILLIAM YOUNG
Owner
Bloodvein River Lodge

HELEN HALLIDAY
General Manager
Delta Winnipeg

MICHAEL SPENCE
Mayor
Town of Churchill

KAREN OLIVER
General Manager
Provincial Exhibition
of Manitoba

MARION MORBERG
Spirit Way Project

CLAUDETTE LECLERC
(Audit Chair)
Executive Director
The Manitoba Museum

CYNTHIA CAMPBELL
Corporate Controller
Canadian Wheat Board

OUR PEOPLE

Travel Manitoba's people are vital links in the provincial tourism industry, consistently demonstrating their dedication to enhancing tourism in Manitoba through program development and administration. Our people are committed to fiscal responsibility, accountability and generating solid results.

Hubert Mesman
President and Chief Executive Officer

Carol McDonald
Executive Assistant

Planning & Market Development

Brigitte Sandron
Senior Vice President,
Planning & Market Development

A.J. Kelly
Administrative Assistant

Dené Sinclair
Project Consultant

Lionel Johnston
International Sales Consultant

Rick Gaunt
Manager, Market Intelligence

Yan Cong
Research Analyst

Ryan Schultz
Information Systems Coordinator

Lilian Tankard
Manager, Partnership Programs

Michel LaRivière
Coordinator, Partnership Programs

Jeanette Kosie
Database Clerk (Master Angler)

Mark Clarke
Manager, Market Development

Advertising & Communications

Linda Whitfield
Vice President, Advertising &
Communications

Cindy Schirrmann
Marketing Assistant

Stephanie Bachewich
Production Manager

Nico Wlock
Design & Production Coordinator

Betty Hammond
Database Administrator

Catherine Senecal
Manager, Media Relations

Jillian Brown
Specialist, Media Relations

Alexis McEwen
Communications Coordinator

Corporate Services

Penny Stilwell
Director, Corporate Services

Diane Bobbitt
Finance Coordinator

Jerral Holbrook
Corporate Services Coordinator

Roberta Harris
Accounting Clerk

Industry Development

Wayne Copet
Director, Industry Development

Laurenda Madill
Manager, Visitor Services

Lori Schmitt
Supervisor - Explore Manitoba Centre

Karla Pratt
Travel Counsellor

Terry Kolodaychuk
Travel Counsellor

Marnie Watson
Travel Counsellor

Geneviève Bourrier
Travel Counsellor

Nadine Tremblay
Travel Counsellor

Marlowe Baiton
Travel Counsellor

Lori Klan
Travel Counsellor - Emerson

Barry Mymko
Warehouse Storekeeper/Visitor Services
Administrator

Derek Dabee
Stores Clerk

FOSTERING

TRAVEL MANITOBA FINANCIAL STATEMENTS

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AUDITORS' REPORT

To the Members of TRAVEL MANITOBA

We have audited the statement of financial position of TRAVEL MANITOBA as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 14, 2009

BDO Dunwoody LLP *is a Limited Liability Partnership registered in Ontario*
BDO Dunwoody s.r.l. *est une société à responsabilité limitée constituée en Ontario*

STATEMENT OF FINANCIAL POSITION

As at March 31	2009	2008
ASSETS		
Current Assets		
Cash (Note 3)	**$ 1,263,319**	$ 1,197,632
Short-term deposits (Note 3)	**219,216**	213,686
Trade accounts receivable	**401,599**	960,073
Prepaid expenses	**67,245**	34,595
	1,951,379	2,405,986
Due from the Province of Manitoba (Note 4)	**269,550**	278,473
Capital assets (Note 5)	**163,131**	119,765
	$ 2,384,060	$ 2,804,224
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 1,201,165**	$ 1,390,595
Deferred revenue	**-**	30,447
	1,201,165	1,421,042
Severance pay benefits (Note 4)	**355,870**	373,884
	1,557,035	1,794,926
Commitments (Note 7)		
Net Assets (Page 27)		
Unrestricted	**588,894**	814,533
Restricted for purchase of capital assets	**75,000**	75,000
Invested in capital assets	**163,131**	119,765
	827,025	1,009,298
	$ 2,384,060	$ 2,804,224

Approved on behalf of the board:

Director

Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS

For the year ended March 31	2009	2008
Revenue		
Province of Manitoba		
Operating	**$ 7,544,300**	$ 7,544,300
Other initiatives	**650,000**	6,500
Partnership and leveraged marketing	**831,897**	470,566
Western Diversification Program	**105,447**	644,553
Other	**46,206**	99,341
	9,177,850	8,765,260
Expenditures		
Marketing and product development	**6,964,700**	5,741,453
Visitor services	**1,389,564**	1,392,116
Corporate services	**729,393**	782,051
Contribution to Homecoming Inc.	**250,000**	250,000
Amortization	**26,466**	15,041
	9,360,123	8,180,661
Excess (deficiency) of revenue over expenditures for the year (Page 27)	**$ (182,273)**	$ 584,599

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31

	UNRESTRICTED	RESTRICTED FOR PURCHASE OF CAPITAL ASSETS	INVESTED IN CAPITAL ASSETS	2009 TOTAL	2008 TOTAL
Net assets, beginning of year	**$ 814,533**	**$ 75,000**	**$ 119,765**	**$ 1,009,298**	$ 424,699
Excess (deficiency) of revenue over expenditures for the year (Page 26)	**(155,807)**	-	**(26,466)**	**(182,273)**	584,599
Acquisition of capital assets	**(69,832)**	-	**69,832**	-	-
Net assets, end of year (Page 25)	**$ 588,894**	**$ 75,000**	**$ 163,131**	**$ 827,025**	$ 1,009,298

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenditures for the year	**$ (182,273)**	$ 584,599
Adjustment for non cash items		
Amortization	**26,466**	15,041
	(155,807)	599,640
Changes in non-cash working capital		
Trade accounts receivable	**558,474**	(633,306)
Prepaid expenses	**(32,650)**	10,270
Accounts payable and accrued liabilities	**(189,430)**	224,964
Deferred revenue	**(30,447)**	(76,633)
	305,947	(474,705)
Due from Province of Manitoba	**8,923**	21,494
Severance pay liability	**(18,014)**	63,065
	141,049	209,494
Cash Flows from Investing Activities		
Acquisition of capital assets	**(69,832)**	(78,772)
Net change in short-term deposits	**(5,530)**	(8,305)
	(75,362)	(87,077)
Net increase in cash and cash equivalents	**65,687**	122,417
Cash and cash equivalents, beginning of year	**1,197,632**	1,075,215
Cash and cash equivalents, end of year	**$ 1,263,319**	$ 1,197,632

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As at March 31, 2009

BASIS OF REPORTING

The financial statements of the Organization have been prepared in accordance with Canadian generally accepted accounting principles.

CAPITAL ASSETS

Capital assets are recorded at cost and amortized on a declining balance basis at the following rates:

Computer hardware	30% straight-line
Computer software	30% straight-line
Furniture and equipment	5% straight-line
Leasehold improvements	5% straight-line

REVENUE RECOGNITION

The Organization follows the deferral method of accounting for contributions. Grant revenue is recognized in the period earned. Partnership and marketing revenue are recognized when services are rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization recognizes revenue arising from non-monetary transactions in the period when services have been rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

FINANCIAL INSTRUMENTS

The Organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis.

The Organization classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liability	Category	Measurement
Cash	Held for trading	Fair value
Short-term deposits	Held for trading	Fair value
Trade accounts receivable	Loans and receivables	Amortized cost
Due from Province of Manitoba	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transaction costs are expensed as incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As at March 31, 2009

RESTRICTED FUND FOR ACQUISITION OF CAPITAL ASSETS

A fund has been established by the Board of Directors in order to finance the future acquisition of capital items which are not funded by the Province of Manitoba through the provision of operating grants. Charges to the fund will occur at the discretion of the President and Chief Executive Officer. Any future redesignation of the fund balance would be subject to approval by the Board of Directors.

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

NEW ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Organization, are as follows:

Financial Statement Concepts
CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and deemphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Organization is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Instruments - Disclosure and Presentation
On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument, disclosures and presentation. The Organization has elected to defer application of these standards.

Financial Statements by Not-for-Profit Organizations
In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

NEW ACCOUNTING PRONOUNCEMENTS (continued)

In December 2008, the AcSB and the Public Sector Accounting Board issued a joint Invitation to Comment, "Financial Reporting by Not-for-Profit Organizations," to invite feedback on the future of financial reporting by not-for-profit organizations. The financial reporting options under consideration by the AcSB include IFRSs, private enterprise standards and public sector standards. Until the strategy has been determined and implemented, not-for-profit organizations will continue to apply current accounting standards.

The Organization continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2009

1. NATURE OF ORGANIZATION

Travel Manitoba was created as a Crown Corporation on April 1, 2005 under The Travel Manitoba Act as the culmination of extensive consultation and leadership from both the tourism industry and the provincial government. Travel Manitoba's mission is to be the leader in stimulating innovative, sustainable tourism growth in Manitoba. Travel Manitoba collaborates closely and in partnership with the tourism industry and governments to attract visitors to Manitoba, sustaining and creating jobs and businesses in the tourism sector in the province.

Travel Manitoba receives core funding from the Province of Manitoba to facilitate operations and to mobilize public and private resources to further foster the growth and professionalism of the tourism industry in Manitoba. Travel Manitoba is economically dependent on the Province of Manitoba, because it derives a significant portion of its revenue from the Province of Manitoba.

2. CHANGE IN ACCOUNTING POLICY

Capital Disclosures

On April 1, 2008 the Organization adopted a requirement of the CICA to provide disclosure about how it manages its unrestricted net assets (See Note 9).

3. CASH AND SHORT-TERM DEPOSITS

The Organization invests all surplus cash into short-term deposits with the Province's Treasury Division. These deposits are made up of 30, 60 and 90 day callable term deposits.

4. SEVERANCE PAY BENEFITS

Upon inception on April 1, 2005, the Organization recorded accumulated severance pay benefits receivable and payable of $368,937 transferred from the Province of Manitoba for its employees. This receivable, or portion thereof, for the Organization, will be collected by the organization as severance benefits are paid to employees on record as at April 1, 2005. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are recorded in the period of the change.

An actuarial report was completed for the severance pay liability as of March 31, 2009. The report provides a formula to update the liability on an annual basis. The Organization's actuarially determined net liability for accounting purposes as at March 31, 2009 was $355,870.

During the year, the Organization reduced the receivable from the government in the amount of $8,923 related to employees no longer employed by the Organization.

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2009

5. CAPITAL ASSETS

	2009		2008	
	COST	ACCUMULATED AMORTIZATION	COST	ACCUMULATED AMORTIZATION
Computer hardware	**$ 80,631**	**$ 29,668**	$ 73,664	$ 9,721
Computer software	**29,503**	**20,947**	29,503	16,631
Furniture and equipment	**12,053**	**1,494**	8,715	1,056
Leasehold improvements	**97,679**	**4,626**	38,153	2,862
	$ 219,866	**$ 56,735**	$ 150,035	$ 30,270
Cost less accumulated amortization		**$ 163,131**		$ 119,765

6. EMPLOYEE PENSION BENEFITS

Employees of Travel Manitoba are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act ("CSSA"), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including Travel Manitoba, through the Civil Service Superannuation Fund.

The Organization is required to pay the Province of Manitoba an amount equal to its employees current pension contributions. The amount paid for 2009 was $111,754 (2008 - $102,071). Under this agreement, the Organization has no further pension liability.

7. LEASE COMMITMENTS

The Organization has entered into lease agreements expiring March 2010 for rental of facilities at various locations with total annual payments of $618,595.

8. NON-MONETARY TRANSACTIONS

The Organization in the current year has entered into contracts with exchanges of non-monetary services for other non-monetary services with little or no monetary consideration involved. These transactions are within normal business activities and were done in order to carry out the mandate of the Organization.

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2009

8. NON-MONETARY TRANSACTIONS (continued)

The Organization has used the fair value of the services that have been given up in order to measure the amount of the transaction as this is the more reliable and accurate measure of the revenue and expenses that have been incurred through these transactions. The aggregate amount of all non-monetary transactions in the current year total $89,600 (2008 - nil).

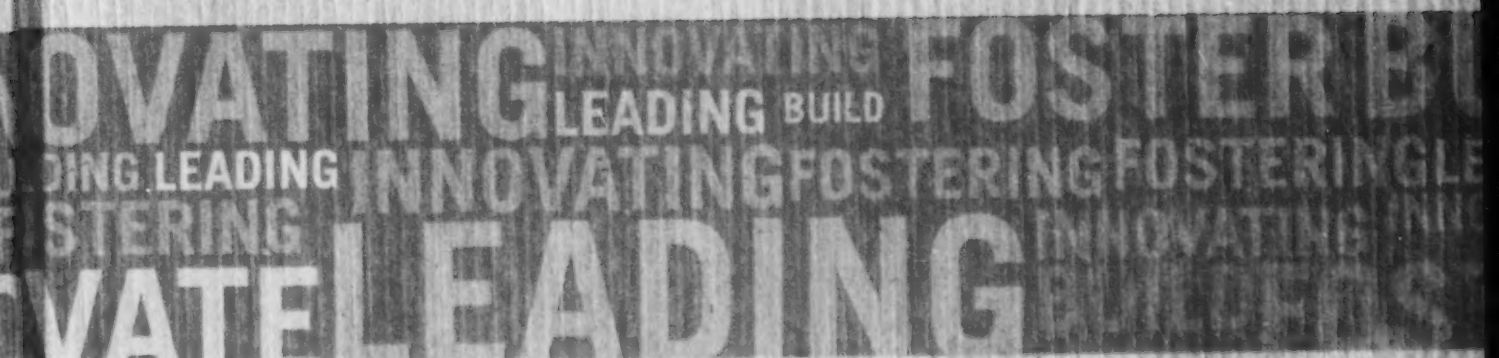
The Organization has not incurred any gains or losses in the current year with respect to these non-monetary transactions.

9. CAPITAL MANAGEMENT

The Organization considers its capital to comprise its unrestricted net assets, reserve capital for purchase of capital assets and capital invested in capital assets. There have been no changes to what the organization considers to be its capital since the previous period.

As a not-for-profit entity, the Organization's operations are reliant on revenues generated annually. The Organization has accumulated unrestricted net assets over its history. A portion of these accumulated funds is retained as working capital (current assets less current liabilities) which may be required from time to time due to timing delays in receiving its primary funding.

The remaining funds are available for the use of the Organization at the Board's discretion.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